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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2007 AND ENDING 12/31/2007
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

TRADITION ASIEL SECURITIES, INC.

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

75 PARK PLACE, 4TH FLOOR

NEW YORK,

(No. and Street)
NY

10007

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JUDITH A. RICCIARDI

(212) 791-4500

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - of individual, state last, first, middle name)

5 Times Square

New York

NY

10036

(Address)

(City)

(State)

(Zip Code)

PROCESSED

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

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FINANCIAL

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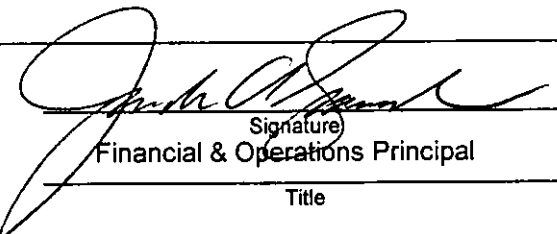
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Judith A. Ricciardi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Tradition Asiel Securities, Inc., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

MELANIE JEUNE
Notary Public, State of New York
No. 02JE6159324
Qualified in Queens County
Commission Expires Jan. 16, 2011
certificate filed in NY County
Melanie Jeune
Notary Public


Signature
Financial & Operations Principal
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Cash Flows.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Independent auditor's report on internal control.
- ☐ (p) Schedule of segregation requirements and funds in segregation – customers' regulated commodity futures account pursuant to Rule 171-5.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Tradition Asiel Securities Inc. and Subsidiary

(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Year Ended December 31, 2007

With Report and Supplementary Report of Independent Registered
Public Accounting Firm

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Consolidated Statement of Financial Condition

December 31, 2007

Contents

Report of Independent Registered Public Accounting Firm.....	1
Consolidated Statement of Financial Condition	2
Notes to Consolidated Statement of Financial Condition.....	6

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholder of
Tradition Asiel Securities Inc. and Subsidiary

We have audited the accompanying consolidated statement of financial condition of Tradition Asiel Securities Inc. and Subsidiary (the Company) (a wholly-owned subsidiary of Tradition (North America) Inc.) as of December 31, 2007. This consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the consolidated statement of financial condition of Tradition Asiel Securities Inc. and Subsidiary at December 31, 2007 in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP
Ernst & Young LLP

February 26, 2008

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Consolidated Statement of Financial Condition

December 31, 2007

Assets

Cash and cash equivalents (includes \$46,706 of cash segregated under federal and other regulations)	\$ 5,360,688
Receivable from brokers, dealers and clearing organizations	1,631,341
Securities owned, at market value	23,573,727
Commissions receivable	6,635,953
Deposits at clearing brokers and clearing organizations	8,565,620
Due from Parent	10,735,665
Due from affiliates	1,261,153
Fixed assets, net	1,182,215
Other assets	1,158,360
Total assets	<u>\$ 60,104,722</u>

Liabilities and stockholder's equity

Liabilities:

Accounts payable and accrued expenses	\$ 7,692,220
Payable to brokers, dealers and clearing organizations	2,008,265
Securities sold, not yet purchased, at market value	173,677
Collateralized bank loans	25,000
Due to affiliates	159,642
Total liabilities	<u>10,058,804</u>
Stockholder's equity	<u>50,045,918</u>
Total liabilities and stockholder's equity	<u>\$ 60,104,722</u>

The accompanying notes are an integral part of this statement of financial condition.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition

December 31, 2007

1. Organization

Tradition Asiel Securities Inc. (TAS) is a Delaware corporation and a wholly-owned subsidiary of Tradition (North America) Inc. (the Parent), which is in turn a wholly-owned subsidiary of Compagnie Financière Tradition, a company organized in Switzerland. TAS is registered as a broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and is a member of the New York Stock Exchange and the Financial Industry Regulatory Authority (FINRA). FINRA is the firm's Self Regulatory Organization.

TAS is a broker of U.S. government treasuries and repurchase agreements, emerging market bonds and repurchase agreements, mortgage backed securities, corporate fixed income securities, money market instruments, equity securities, equity and index options, and municipal bonds.

TAS self-clears certain transactions, necessitating membership in the National Securities Clearing Corporation, the Depository Trust Clearing Corporation, the Options Clearing Corporation, and the Fixed Income Clearing Corporation. Other trades are conducted on an agency or riskless principal basis and are introduced on a fully disclosed basis to its clearing brokers. TAS does not carry customer accounts or perform custodial functions related to customer securities. Accordingly, open customer transactions are not reflected in the accompanying statement of financial condition.

The consolidated financial statements include the accounts of TAS and its wholly-owned subsidiary, Tradition (Global Clearing), Inc. (TGC). TGC is a clearing broker-dealer registered with the Securities and Exchange Commission (SEC) and FINRA. TGC has presently ceased all operations but has continued its compliance with all the rules and regulations required to maintain its registration with the SEC and FINRA.

2. Significant Accounting Policies

All significant intercompany accounts and transactions have been eliminated in consolidation. For the purposes of these consolidated financial statements, TAS and TGC collectively will be referred to as "the Company" unless otherwise identified.

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable; however, actual results could differ from those estimates.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

2. Significant Accounting Policies (continued)

The Company considers money market funds, which maintain a net asset value of \$1.00 and other highly liquid investments with original maturities of three months or less as cash equivalents.

All securities transactions and the related revenues and expenses are recorded on a trade date basis. Commissions and related clearing charges are recorded on a trade date basis. Included in commissions are revenues derived from matched riskless principal transactions.

Securities owned are stated at market value with resulting unrealized gains or losses are included in principal transactions on the consolidated statement of income. Market value is generally based on quoted market prices on an active exchange. .

Securities borrowed and securities loaned transactions are recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash or other collateral with the lender. With respect to securities loaned, the Company receives collateral in the form of cash in an amount generally in excess of the market value of the securities loaned. The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary.

Computer equipment and trading software are stated at cost, net of accumulated depreciation. Depreciation is computed on a straight line basis over the estimated useful lives of three years.

Goodwill of approximately \$350,000 is included in other assets on the consolidated statement of financial condition. Goodwill was recorded in connection with the purchase of the assets of Asiel & Co LLC effective June 30, 2000.

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standard (SFAS) No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS 142 prohibits the amortization of goodwill and intangible assets with indefinite useful lives.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

2. Significant Accounting Policies (continued)

SFAS 142 requires that these assets be reviewed for impairment at least annually. Intangible assets with finite lives will continue to be amortized over their estimated useful lives. SFAS 142 required the Company to perform an assessment of whether there was an indication that the remaining goodwill was impaired as of the date of adoption. The Company completed its reassessment of all its existing goodwill as of December 31, 2007 and has determined that goodwill has not been impaired.

3. Related Party Transactions

The Company is charged for facilities and other services provided by its Parent on a monthly basis in accordance with an intercompany arrangement which is subject to renegotiation on an annual basis. Additionally, the Company advances the Parent funds in order to cover certain operating expenditures of the Parent. Due from Parent in the accompanying consolidated statement of financial condition primarily includes non-interest bearing cash advances to cover these and other operating expenditures of the Parent and are due on demand.

Certain customers of the Company are introduced by an affiliate. For the year ended December 31, 2007, the Company was charged by the affiliate brokerage fees which represents an agreed upon percentage of the gross commissions earned by the Company.

The Company has two space and revenue sharing arrangements (collectively the "Arrangements" and individually the "Arrangement") with an affiliate. For the first Arrangement which was executed in December 2005, the Company utilizes the affiliate's office space for a certain business line while the Company provides compliance and operational support services to the affiliate. Under the first arrangement, the Company pays the affiliate 33% of the net profits (as defined) of the referenced business line occupying the affiliate's space. Under the second Arrangement which was executed in May 2007, the Company also utilizes the affiliate's office space for a new business line and in return the affiliate is entitled to 100% of the profits/losses of this business line. Included in due from affiliate in consolidated statement of financial condition is approximately \$1.2 million resulting from the Arrangements .

4. Deposits at Clearing Brokers and Clearing Organizations

The Company is required to maintain deposits at its clearing brokers and clearing organizations in order to conduct its business. At December 31, 2007, deposits at the clearing broker and clearing organizations consist of cash of approximately \$8.5 million including accrued interest.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

5. Receivable from and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from and payable to brokers, dealers and clearing organizations at December 31, 2007 are comprised of the following:

	<u>Receivable</u>	<u>Payable</u>
Securities failed-to-deliver/receive	\$ 1,529,241	\$ 1,913,497
Receivable from/payable to clearing organizations	102,100	40,251
Other	—	54,517
Total	<u>\$ 1,631,341</u>	<u>\$ 2,008,265</u>

6. Cash Segregated under Federal and Other Regulations

As a clearing broker-dealer, the Company has elected to compute a reserve requirement for Proprietary Accounts of Introducing Broker-Dealers (PAIB Calculation), as defined. The PAIB Calculation is completed in order for each correspondent firm that uses the Company as its clearing broker-dealer to classify its assets held by the Company as allowable assets in the correspondents' net capital calculation. The Company maintains a separate reserve bank account for PAIB. The reserve requirement, as computed, totaled \$46,706 at December 31, 2007, all of which is included in cash and is on deposit in a special reserve bank account as of December 31, 2007.

For the year-end December 31, 2007, the Company only cleared transactions for an affiliate.

7. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased at December 31, 2007 include the following:

	<u>Securities Owned</u>	<u>Securities Sold, not yet Purchased</u>
U.S. government and agency securities	\$ 21,716,611	\$ —
Corporate bonds	373,893	34,964
Equities	1,483,223	138,713
Total	<u>\$ 23,573,727</u>	<u>\$ 173,677</u>

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

7. Securities Owned and Securities Sold, Not Yet Purchased (continued)

Included in securities owned as of December 31, 2007 are U.S. government securities on deposit at a clearing organizations with a market value of approximately \$4.8 million. These securities are used to satisfy the deposit requirements.

Securities sold, not yet purchased commit the Company to deliver specified securities at pre-determined prices, and thereby create a liability to purchase the securities in the market at prevailing market prices. Accordingly, these transactions result in off-balance sheet risk, as the Company's ultimate obligation to satisfy the sale of securities sold, not yet purchased may exceed the amounts reflected in the consolidated statement of financial condition.

8. Employee Benefits

The Company participates in the Parent's defined contribution plan (the Plan) covering substantially all employees who qualify as to age, length of service, and employment date. The Company contributes 40% of each participant's pre-tax contributions, subject to a maximum of 6% of the participant's eligible compensation. In 2007, participants could contribute up to a maximum of \$15,000 with an addition \$5,000 catch-up contribution for employees over 50 years old.

9. Fixed Assets

Major fixed asset classifications at December 31, 2007 are summarized as follows:

Computer equipment	\$ 189,292
Trading system software	1,583,200
	<u>1,772,492</u>
Less accumulated depreciation	(590,277)
Fixed assets, net	<u>\$ 1,182,215</u>

10. Income Taxes

The Company accounts for income taxes in accordance with the liability method as required by Statement of Financial Accounting Standard (SFAS) No. 109, *Accounting for Income Taxes*. Under the liability method, tax rates are applied to cumulative temporary differences based on when and how they are expected to affect the tax return.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

10. Income Taxes (continued)

The Company is included in the consolidated federal and combined state and local income tax returns of the Parent. The Company calculates its income tax expense as though it filed a separate tax return.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. For financial reporting purposes, net deferred tax asset of approximately \$46,229 at December 31, 2007 is included in other assets in the statement of financial condition. Deferred tax assets at December 31, 2007 is reflected without reduction for a valuation allowance.

The principal reasons for the difference between the Company's effective tax rate and the statutory federal income tax rate relates to state and local taxes.

11. Net Capital Requirements

TAS is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (15c3-1) (the Rule), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. TAS elected to compute its net capital under the alternative method, permitted by the Rule, which requires TAS to maintain minimum net capital, as defined, of \$1.0 million. The Rule provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital would be less than 120% of the minimum net capital requirement. In addition, certain advances, payments of dividends and other equity withdrawals are subject to certain notification provisions of the Rule.

At December 31, 2007, TAS had net capital of approximately \$31.8 million which was approximately \$30.8 million, including flow-through capital benefits as described below, in excess of the required net capital on a consolidated basis.

Under the clearing arrangements with the clearing brokers, TAS is required to maintain certain minimum levels of net capital and comply with other financial ratio requirements. At December 31, 2007, TAS was in compliance with all such requirements.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

11. Net Capital Requirements (continued)

TAS is including flow-through capital from TGC in its net capital computation computed on a consolidated basis (see Note 16). The amount of flow-through capital benefits that a parent/broker-dealer may receive from broker-dealer subsidiaries has certain restrictions as prescribed in the Rule.

At December 31, 2007, the amount of flow-through capital benefits that TAS may receive from TGC is approximately \$2.1 million in net capital and \$1.8 million in excess net capital.

TGC is also subject to the Rule and also elected to compute its net capital under the alternative method. At December 31, 2007, TGC had net capital of approximately \$2.1 million, which was approximately \$1.8 million in excess of its required net capital of \$250,000.

Neither TAS nor TGC carry the accounts of their customers, and accordingly, both are exempt from SEC Rule 15c3-3.

12. Commitments and Contingencies

As of December 31, 2007, the Company had future minimum rental commitments under operating and equipment leases as follows:

	<u>Minimum Rentals</u>
Year:	
2008	\$ 1,726,932
2009	1,726,932
2010	1,726,932
2011	1,726,932
Thereafter	18,592,331
Total	<u>\$ 25,500,059</u>

The operating lease expires in August 2019 and is subject to escalations. The equipment lease expired in 2007.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

12. Commitments and Contingencies (continued)

The Company has obtained an unsecured letter of credit in the amount of \$600,000 which expires on July 21, 2008 for the benefit of its landlord to satisfy a security deposit requirement.

The Company has satisfied margin requirements with clearing organizations with unsecured letters of credit totaling \$500,000.

The Company and its Parent have been named a defendant in certain lawsuits and other legal proceedings. After considering all relevant facts and advice of outside counsel, in the opinion of management, such litigation will not, in the aggregate, have a material adverse effect on the Company's financial position or results of operations. The Parent has agreed to indemnify the Company of all liabilities resulting from these lawsuits and other legal proceedings.

13. Off-Balance Sheet Risk and Concentration of Credit Risk

In the normal course of business, the Company purchases and sells securities as both riskless principal and agent. If another party to the transaction fails to fulfill its contractual obligation, the Company may incur a loss if the market value of the security is different from the contract amount of the transaction.

In addition, the Company will enter into a matched transaction to purchase and sell securities; however, the Company may not be able to deliver the securities in the manner requested by the buyer. In this instance, the Company will deliver the securities to the buyer when the total amount has been aggregated.

The Company's policy is to continually monitor its market exposure and counterparty risk. The Company does not anticipate nonperformance by counterparties and maintains a policy of reviewing the credit standing of all parties with which it conducts business.

In the normal course of business, the Company obtains securities under securities borrow agreements on terms which permit it to re-pledge or resell the securities to others. There were no securities lending transactions open at December 31, 2007.

At December 31, 2007, the Company's cash and cash equivalents were held at two major financial institutions at which each account is insured up to \$100,000 by the Federal Deposit Insurance Corporation.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

13. Off-Balance Sheet Risk and Concentration of Credit Risk (continued)

Commissions receivable represent amounts due from clearing brokers and customers, which primarily consist of securities firms. At December 31, 2007, approximately \$2 million in commission's receivable is concentrated with one such clearing broker. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The Company's policy is to monitor the credit standing of each counterparty with which it conducts business.

For transactions in which the Company, through the clearing brokers, extends credit to customers, the Company seeks to control the risks associated with these activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company and the clearing brokers monitor required margin levels daily and, pursuant to such guidelines, request customers to deposit additional collateral or reduce securities positions when necessary.

The Company has agreed to indemnify its clearing brokers for losses that they may sustain from the customer accounts introduced by the Company.

14. Guarantees

The Company applies the provisions of the FASB's Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (FIN 45), which provides accounting and disclosure requirements for certain guarantees. As described in Note 13, the Company has agreed to indemnify the clearing broker for losses that it may sustain from the customer accounts introduced by the Company. At December 31, 2007, the total amount of customer balances maintained by its clearing broker and subject to such indemnification was approximately \$47,014. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions.

The Company guarantees a \$3.0 million revolving loan (the Loan) that was issued to an affiliate. No amounts were outstanding under the Loan at December 31, 2007.

Tradition Asiel Securities Inc. and Subsidiary
(A Wholly-Owned Subsidiary of Tradition (North America) Inc.)

Notes to Consolidated Statement of Financial Condition (continued)

15. Estimated Fair Value of Financial Instruments

SFAS No. 107, *Disclosure about Fair Value of Financial Instruments*, requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the consolidated statement of financial condition. Management estimates that the fair value of financial instruments recognized in the consolidated statement of financial condition (including receivables and payables), approximates their carrying value, as financial instruments are short-term in nature, or carry floating rates of interest.

16. Consolidated Subsidiary

At December 31, 2007, TAS's consolidated subsidiary has total assets and stockholder's equity of approximately \$2.1 million.

The net capital of the broker-dealer subsidiary is included as capital in computing the TAS's net capital, because the assets of the subsidiary are readily available for the protection of customers, broker-dealers, and other creditors, as permitted by rule 15c3-1 (see Note 11).

END